

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **May 23, 2006, Work Session**

AGENDA ITEM NO.: 4

CONSENT:

REGULAR: **X**

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Regional Solid Waste Initiative**

RECOMMENDATION: Adoption of the resolution to work with the Local Government Council to implement the Regional Solid Waste Management Initiative.

SUMMARY: For the past three years the Local Government Council (Region 2000), working with the Solid Waste Directors for the Counties of Amherst, Campbell, Nelson and the Cities of Bedford and Lynchburg, has explored the feasibility of managing solid waste on a regional perspective. The group first conducted an internal study exploring various options including burning waste for energy, transferring the waste out of the region, or operating the current landfills jointly. After the in-house study was completed, the Local Government Council contracted with solid waste consultant R. W. Beck Inc. to perform a more extensive verification study (Phase I) to determine which (if any) of the options would be the most cost effective. It was determined that operating the region's landfills jointly was the best and most cost effective option and should be explored in more detail.

R. W. Beck was then contracted to conduct a more detailed analysis (Phase II) to determine the steps and costs of forming a regional entity to manage solid waste disposal. They conducted a thorough review of current operations and developed a detailed operations plan with associated costs. They also coordinated a meeting between staff at the Virginia Department of Environmental Quality (DEQ) and local representatives to discuss the regulatory requirements for this type of operation. The report concludes that meaningful cost saving opportunities for all the localities involved could result from such a cooperative effort.

Consolidating solid waste operations regionally is beneficial for a number of reasons. The most obvious one is the cost savings. Regional cooperation and protection of health and the environment are also important benefits. Operating a small landfill continues to become more costly as regulations are tightened. A regional operation takes advantage of economies of scale to control costs. Additionally a regional entity could better focus on long range planning for our next generation of waste disposal.

PRIOR ACTION(S):

- Local Government Council and solid waste staff (from localities) explored various options
- Phase I Report completed by R. W. Beck in April 2005
- Phase II Report completed by R. W. Beck in May 2006

FISCAL IMPACT: Approximately \$60,000 required annually for next two fiscal years to work through regulatory and environmental challenges and hurdles. Majority of costs will be related to contracting of a solid waste engineering consultant to update existing landfill operations and closure plans and specifications and to draft a new comprehensive solid waste management plan for the region.

CONTACT(S): Kimball Payne, Dave Owen

ATTACHMENT(S):

- Resolution
- Four page cover letter from R. W. Beck
- Phase II report from R. W. Beck

(This report can be viewed in the Director of Public Works Office, 1700 Memorial Avenue, Lynchburg, VA)

REVIEWED BY: lkp

Resolution

Whereas, the City of Lynchburg has actively participated in the Regional Solid Waste Management Initiative sponsored by the Virginia's Region 2000 Partnership Local Government Council in conjunction with the Counties of Amherst, Campbell, and Nelson, and the Cities of Bedford and Lynchburg; and

Whereas, the Regional Solid Waste Management Initiative has undertaken an initial Regional Solid Waste Management Analysis, completed in April 2005, and a Regional Solid Waste Management Financial, Operational, and Regulatory Analysis, completed in May 2006; and

Whereas, both analyses describe a potential regional solid waste management structure that is financially advantageous and operationally sound; and

Whereas, the next phase of the Regional Solid Waste Management Initiative is implementing the recommendations of the Regional Solid Waste Management Financial, Operational, and Regulatory Analysis to form the regional solid waste management entity; and

Whereas, the Implementation Phase will involve significant effort to negotiate with Department of Environmental Quality, designate a solid waste management region, prepare a revised solid waste management plan, develop a detailed proof of concept technical proposal and transition plan, secure solid waste permit amendments, legally establish the regional entity, and hire initial staff; and

Whereas, this activity will require a significant commitment of both staff time and financial resources, with a timeframe for the implementation expected to take approximately three years.

Now therefore, the City of Lynchburg does hereby support the concept of implementing the Regional Solid Waste Management Initiative and directs City of Lynchburg staff to continue efforts to successfully form the regional solid waste management entity.

And furthermore, does authorize the City Manager to sign any documents necessary for this effort short of the formal establishment of the entity.

Adopted:

Certified:

Clerk of Council

053L

April 21, 2006



Mr. Robert White
Deputy Director
Virginia's Region 2000 Partnership
Local Government Council
915 Main Street, Suite 202
Lynchburg, Virginia 24504

Subject: Regional Solid Waste Management Financial, Operational and Regulatory Analysis - Final Report

Dear Mr. White:

R. W. Beck is pleased to submit our final report to Virginia's Region 2000 Partnership Local Government Council (Council) of the "Regional Solid Waste Management Financial, Operational and Regulatory Analysis" that we have completed.

Introduction

As a part of its Strategic Planning initiative, Virginia's Region 2000 Partnership Local Government Council (the Council) identified regional solid waste management as a concept that should be investigated as a part of its effort to promote regional cooperation and more effective provision of public services within the Council's community. The following local governments within and adjacent to the Council are currently working together on this concept:

- Amherst County;
- Campbell County;
- Nelson County;
- City of Bedford; and
- City of Lynchburg.

In April 2005, the Council completed a "Regional Solid Waste Management Analysis" with assistance from R. W. Beck. This report evaluated multiple regionalization scenarios such as the joint use of existing facilities, waste-to-energy and transfer stations. This analysis concluded on a preliminary basis that the joint use of existing facilities represents the most viable disposal option for all of the participating communities.

Based on the findings of the 2005 report, the current focus of the participating communities is to develop a regional approach to solid waste management that will result in greater cooperation, decreased cost of providing service to their customers and citizens, and better protection of human health and the environment. By working together, the participating communities also recognize that a coordinated regional approach provides an enhanced ability to control costs as environmental regulations continue to tighten and the need exists to provide better and longer range solid waste planning. The first regional initiative focuses on opportunities to regionalize the joint use of existing disposal facilities.



Key benefits for the joint use of existing facilities include:

- Establishment of a regional solid waste entity would significantly enhance opportunities for other regional solid waste functions such as solid waste management planning, achievement of recycling goals, collection and disposal of household hazardous waste, and more efficient collection and convenience center operations.
- Significant cost savings to local governments and customers from consolidating landfill operations.
- More efficient landfill operations due to increased economies of scale.

Based on this analysis, all of the participating communities have agreed in principal to use their existing disposal facilities together via regionalization. Under this scenario, all of the participating communities would send all solid waste from their communities to one of the landfills in the Council's region (e.g. Amherst County, Campbell County and City of Lynchburg). This would mean that only one of the three landfills would operate at a single time. This approach provides an opportunity to maximize the use of resources and increase economies of scale.

Under this approach, the landfills would have approximately 19 years of capacity assuming a regional start date of July 1, 2007.¹ Based on direction from the Council, R. W. Beck assumed a start date of July 1, 2007. However, all parties recognize that this start date is only an estimate, as the exact date may change due to regulatory, legal and/or operational issues.

Report Overview

The purpose of this report is to provide further detail concerning the following key issues, as organized by section:

- Section 1: Executive summary of key issues and findings.
- Section 2: Understanding of operations of the Regional Entity, including management of all three landfills.
- Section 3: Financial inventory of the various assets and liabilities each community with a landfill would contribute to the regional solid waste system.
- Section 4: Description and estimation of start-up costs and the future annual budget for the Regional Entity.
- Section 5: Evaluation of regulatory issues associated with how to implement the joint use of existing facilities in a regional approach.

¹ This projection is based on a 0.25 percent annual increase in tonnage and the assumption that all waste currently handled by the participating communities will continue.



Preliminary Financial Summary

Based on the work completed throughout this report, R. W. Beck is able to develop preliminary estimates of the financial impact for each community that would participate in the regional approach.² Based on this analysis, all of the participating communities will achieve meaningful cost savings with the regional approach, as compared to their current programs. Nelson County and the City of Bedford would reduce their costs based on shorter hauling distances and lower tipping fees. The three landfill communities – Amherst County, Campbell County and the City of Lynchburg – would generate and share excess revenue achieved from more cost effective operations. The following table summarizes the estimated financial benefits by community.

Estimated Financial Benefit by Community

Community	Financial Benefit	
	Annual Value (FY 2008)	Total Net Present Value (FY 2008 – 2024)
Amherst County	\$361,971	\$4,790,501
Campbell County	\$852,047	\$11,828,869
Nelson County	\$167,319	\$2,345,292
City of Bedford	\$25,619	\$370,952
City of Lynchburg	\$643,112	\$8,736,716

Notes

1. Amounts the landfill communities (Amherst County, Campbell County and the City of Lynchburg) are based on projected excess revenue and allocated by community relative to the projected amount of remaining airspace when the Regional Entity would begin operations. Amounts for Amherst and Campbell Counties are net of the incremental transportation costs. No incremental transportation costs were assumed for Lynchburg.
2. Amounts for the City of Bedford and Nelson County reflect the projected decrease in tipping fees and reduced transportation costs.
3. Total financial benefit is based on the net present value of projected annual savings from FY 2008 – 2024, assuming a discount rate of 5 percent.

Conclusion

During the past two plus years, the Council and participating communities have invested significant staff and financial resources examining the feasibility of a regional approach to solid waste management. Based on the analysis completed to date, the regional disposal concept is a well founded and worthwhile endeavor.

In order continue moving from concept to implementation, there is still more work to be done. Completed and future efforts should be worthwhile given the financial and environmental

² The financial analysis assumes that all communities and BFI would participate in the regional system in the future as they have in the past.

Mr. Robert White
April 21, 2006
Page 4



benefits to be gained. At this time, all of the participating communities should formally decide whether they would like to continue with this effort. Execution of a memorandum of understanding between the participating communities would formally commit each community to this process.

In the future, solid waste issues – ranging from disposal to collection to recycling – will become more challenging due to factors such as rising costs and increased regulations. By working together, the participating communities will be able to address these issues easier over the long-term. To make this concept a reality, each of the participating communities will also need to commit the necessary resources.

If you have any questions concerning the enclosed report please call me at (512) 450-0991. We look forward to future opportunities to assist the Council on this important project.

Sincerely,

R. W. BECK, INC.

A handwritten signature in purple ink that reads "Scott Pasternak".

Scott Pasternak
Manager

cc: Ms. Teresa Nuckols, Amherst County
Mr. Clarke Gibson, City of Bedford
Mr. Clif Tweedy, Campbell County
Ms. Susan McSwain, Nelson County
Mr. Dave Owen, City of Lynchburg